



NATIONAL COUNCIL SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, INC.  
250 Monroe NW, Room 600 • Grand Rapids, MI 49503

February 21, 1984

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TO: Robert Fleminger, President

FROM: Ed Toby, Legislative Chairman

Proposed Retirement System for New Federal Employees:

- I. Establish a non-partisan Federal Retirement Board to be responsible for the management of the Retirement System.
- II. An Executive Director will be appointed to serve under the direction of the Federal Retirement Board.
- III. General Structure and Provisions of the Retirement System:
  - A. Social Security (Tier One)
  - B. Federal Retirement Benefit (Tier Two)
    1. Defined benefit plan to provide a salary replacement of 75% at 65 with 40 years (Social Security benefits will be deducted). Reduced benefits for early retirement (i.e., 50% at age 55 with 30 years).
    2. Benefits vested after 5 years.
    3. Early retirement (reduced benefits at age 55 with 30 years of service, age 60 with 10 years).
    4. Fully employer funded.
    5. Private investments may be used.

III. General Structure and Provisions of the Retirement System:

- C. Investment Incentive Plan (Optional) (Tier Three)
1. Voluntary employee contributions up to 15 percent of salary. (TAX DEFERRED)
  2. Employer matches up to first 3 percent.
  3. Employees contributions fully vested from first year. Employer's contributions fully vested beginning with sixth year.
  4. Optional investment plans made available (to be determined by the Federal Retirement Board).
  5. Private investments may be used.

The above three-tiered system is modeled after the typical corporate retirement packages offered in the U. S. today.

IV. Provisions for Federal Employees Employed Prior to January 1, 1984:

- A. Continue under present system without any changes.
1. Provision requiring Federal Government to maintain adequate funds in Trust Fund to assure future payments to annuitants.
- B. Optional Conversion to New System (III):
1. Special provisions:
    - a. Social Security coverage extended for federal service wages prior to conversion date without cost to the employee.
    - b. Federal Retirement Benefit coverage extended for service prior to conversion.
    - c. Employee's total CSRS contributions, plus matching amount paid by employer, with interest compounded into the Investment Incentive Plan.
    - d. Employee must remain in government service for 5 years after conversion.

**THE CIVIL SERVICE  
RETIREMENT SYSTEM**

**"THE FACTS REVEALED"**

**BY  
EDWARD L. TOBY**

**THE NATIONAL COUNCIL OF  
SOCIAL SECURITY MANAGEMENT ASSOCIATIONS  
1984**